

SPECIAL MEETING MINUTES OF THE GOVERNING BOARD OF THE
TUOLUMNE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY (TCEDA)

September 10, 2018

LOCATION: Board of Supervisor Chambers, 2 South Green Street, Sonora, CA 95370

1. Chairman John Gray brought the Special Meeting of the Tuolumne County Economic Development Authority (TCEDA) to order at 5:30 p.m. on September 10, 2018.

2. Roll Call

The following Board Members were present: Chairman John Gray, Member Sherri Brennan, Member Matt Hawkins, Member Jim Garaventa, Member Barry Hillman, Member James Gianelli and Member Dave Thoeny. Also present were TCEDA Director Larry Cope, City Administrator Timothy Miller and County Administrator Craig Pedro. County Counsel Sarah Carrillo and Deputy County Counsel Carlyn Drivdahl were also present.

3. John Gray led the Flag Salute.

4. Consent Agenda:

Approval of August 28, 2018 Special TCEDA Board Meeting Minutes.

Motion: Jim Gianelli moved to approve the minutes of the August 28, 2018 Special TCEDA Board Meeting. Matt Hawkins seconded the motion. The Board approved by a 7-0-0 vote.

5. New Business:

- a. Consideration of approving correspondence containing responses to the 2017/18 Grand Jury Report

Chairman John Gray announced that Carlyn Drivdahl, Deputy County Counsel would be reading the draft Grand Jury responses out loud and noted Board comments and questions would take place after each response. After all of the Grand Jury draft responses are read public will have an opportunity to speak.

Carlyn Drivdahl noted that Attachment F (TCEDA Board Minutes Approving Cash out) provided in the originally released packet was incorrect. The copies provided to the public at this meeting have been corrected. Deputy Drivdahl proceeded to read each of the draft Grand Jury responses.

Board Comments regarding Finding #5: Board Members provided comment regarding their understanding of how the finances were being monitored or audited by the County, primarily the Auditor- Controller's Office, and their role as policy makers and not as controllers or auditors. It was noted that why it is not uncommon for JPA's to

have audits as referenced in the JPA, it was their understanding that that was being done under the control of the County as part of a whole County audit.

Debi Bautista, County Clerk and Auditor-Controller provided clarification of her offices responsibilities regarding TCEDA expense review. Mrs. Bautista explained that the TCEDA Board approved just a few different rules than County rules. Thus, her staff apply the rules accordingly. Mrs. Bautista clarified that the outside County Auditor does review all the books of the County including the TCEDA but does not do a TCEDA specific audit.

Mr. Pedro, County Administrator for Tuolumne County, then provided further clarification on the original intent of the word "audit" in the JPA was that the Auditor Controller would review the income and expenses of the TCEDA like all county departments.

Chairman Gray requested finding response number 5 be read again. He noted it appeared there was no wording changes on this finding.

Board Comments regarding Finding #7: Jim Gianelli commented on how much more the Board could be doing with regards to the evaluation of the authority and that California Association of Local Economic Development (CALED) could assist the TCEDA with that evaluation process.

Board Comments regarding Finding #9: Jim Gianelli stated he believes that the Board is at fault for Mr. Cope working so much. Early on the Board set an expectation that Mr. Cope should be available at all times, even when he is on vacation. Sherri Brennan commented about the amount of work produced by the Director. John Gray and Dave Thoeny stated that a new policy will be looked at regarding the Director taking vacation and working hours.

Board Comments regarding Recommendation #5: Dave Thoeny asked about specific wording.

John Gray called for Public Comment regarding the draft Grand Jury responses.

A number of community members spoke in support of the Tuolumne County Economic Development Authority (TCEDA) and shared stories of accomplishment with the help of TCEDA.

Motion: Jim Gianelli moved to approve correspondence containing responses to the 2017/18 Grand Jury Report. Barry Hillman seconded the motion. The Board approved by a 7-0-0 vote.

- b. Consideration of approving the following with respect to a Management Audit of the TCEDA consistent with that suggested by the 2017/18 Grand Jury: 1) scope; 2) budget; 3) options; and 4) authorization of the County Auditor-Controller to oversee completion of the Management Audit.

Larry Cope introduced the item with noted options.

Debi Bautista, Clerk/Auditor-Controller noted that using an outside auditor would be the best option. Discussion ensued.

Craig Pedro, County Administrator noted there has been public misinformation regarding a Management Audit being completed by CALED which was never suggested. It was only suggested that they assist with polling their membership and discern what the best practices for economic authorities in the State of California.

Tim Miller, City Administrator agreed CALED could be used as best practices and then move forward with the Management Audit. He noted the City would support this option if the current TCEDA budget would pay for all needed resources.

Jim Gianelli mentioned that perhaps the TCEDA Board should delay moving forward with the Management Audit if the City chooses to no longer be involved in the JPA after next year. Discussion ensued.

Motion: Sherri Brennan moved to approve CALED to provide best practice for comparable agencies with specific recommendations on implementing a fiscal “check and balance system” for pre-approval and post-approval of travel and business entertainment expenses and for an outside auditor to compare TCEDA performance metrics and management reporting to no more than 3 comparable agencies selected by the TCEDA Board at a total cost of \$28,250. Jim Gianelli seconded the motion. The Board approved by a 7-0-0 vote.

- c. Consideration of approving the following with respect to a full Financial Audit of the TCEDA: 1) fiscal year (s) to be audited; 2) budget; and 3) authorization for the County Auditor-Controller to oversee completion of the Financial Audit.

Larry Cope introduced the item with noted options.

Debi Bautista, Clerk/Auditor-Controller provided clarification regarding the cost of an outside audit. As a compromise, she proposed auditing one year. Discussion ensued.

Chairman Gray called for public comment. A public member asked why an annual audit had not been done according to the JPA requirements. Chairman Gray noted that the JPA was not on the agenda for discussion, thus the question could not be addressed.

Motion: Jim Garaventa moved to approve a full Financial Audit of the TCEDA for one year in the amount of \$15,000 and authorize the County Auditor-Controller to oversee completion of the Financial Audit. Jim Gianelli seconded the motion. The Board approved by a 7-0-0 vote.

- d. Consideration of providing staff direction on the development of options for a future strategic planning retreat.

Motion: Sherri Brennan moved to table staff direction on the development of options for a future strategic planning retreat to the next TCEDA meeting. Jim Garaventa seconded the motion. The Board approved by a 7-0-0 vote.

6. Adjournment into Closed Session - Conference with Legal Counsel - Existing Litigation (Authority: Government Code Section 54956.9(d)(1)) Kenneth Perkins v. Larry Cope, et al.; Tuolumne County Superior Court, Case Number CV61630.

There was no public comments.

The TCEDA Board adjourned to closed session at 7:33 p.m. and returned from closed session at 7:59 p.m. with no report.

7. Adjourn

Chairman John Gray adjourned the meeting at 7:59 p.m.

John Gray, Chairman

Christina M. Cunha, Clerk